

MNI Eurozone Inflation Preview – February 2026

By Moritz Arold and Emil Lundh
February 26, 2026

Key February preliminary inflation data releases and timing

- **France** (18% of EZ HICP in 2026) – 0745 GMT Feb 27
- **Spain** (12% of EZ HICP in 2026) – 0800 GMT Feb 27
- **Germany** (28% of EZ HICP in 2026) – 1300 GMT Feb 27
- **Netherlands** (6% of EZ HICP in 2026) – 0530 GMT Mar 3
- **Italy** (16% of EZ HICP in 2026) – 1000 GMT Mar 3
- **Eurozone** – 1000 GMT Mar 3

[MNI Eurozone Inflation Insight for January 2026 \(PDF Link\)](#)

Headline HICP Estimates (vs 1.66% prior):

- Goldman Sachs: 1.70%
- Morgan Stanley: 1.77%
- Nomura: 1.70%

Core HICP Estimates: (vs 2.18% prior):

- Goldman Sachs: 2.19%
- Morgan Stanley: 2.24%
- Nomura: 2.26%

Will Services Inflation Continue To Inch Lower?

The Eurozone February flash inflation round is split across two weeks. France, Spain and Germany are scheduled to release data on Friday February 27, with the Netherlands, Italy and the and the Eurozone aggregate following on Tuesday February 3. While the release will be the final one ahead of the March ECB meeting (and thus will feed into the updated macroeconomic projections), a material surprise is likely required to make an impression on the Governing Council, who have set a high bar to rate moves in either direction.

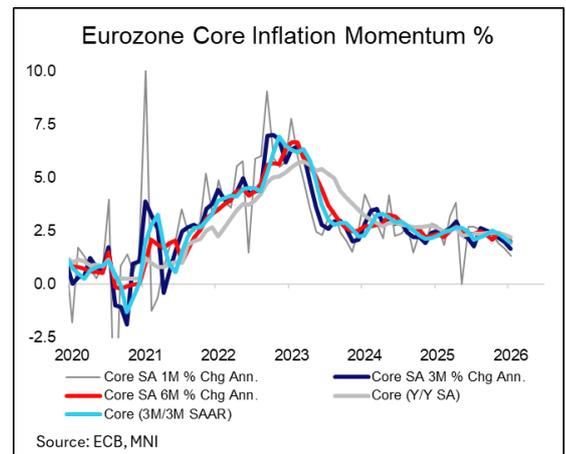
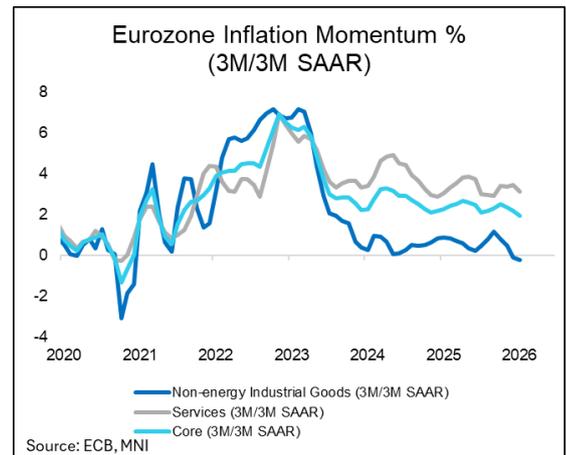
Analyst views on the release are limited so far. On balance, the forecasts we have seen point towards a roughly stable/marginally higher core figure from January's 2.18%, with broadly stable services countered by slightly firmer core goods. Energy is seen to add to the upside on the back of higher fuel prices and some French-centric base effects, which should see headline accelerate slightly from January's 1.66%.

EUR STIRs have seen contained reactions to the latest regional data (e.g. February flash PMIs, January final inflation and lending/sentiment data) and headline flow (e.g. US tariff developments and ECB leadership speculation). ECB-dated OIS still price ~7bps of easing through year-end. This slight dovish lean may be maintained until there is more certainty around the trough in both headline and core inflation this year.

In a February 24 speech, ECB President Lagarde re-iterated the ECB's well-signalled meeting by meeting approach, with policy still in a "good place". The most interesting part of her speech was optimism around the resilience of domestic demand, and comments around the investment outlook. This adds credence to the idea that the Governing Council is happy to look through small deviations from the Bank's projections and the 2% inflation target more generally. Lagarde re-iterated that her "baseline" is to complete her term at the ECB, though speculation around her possible early exit remains widespread.

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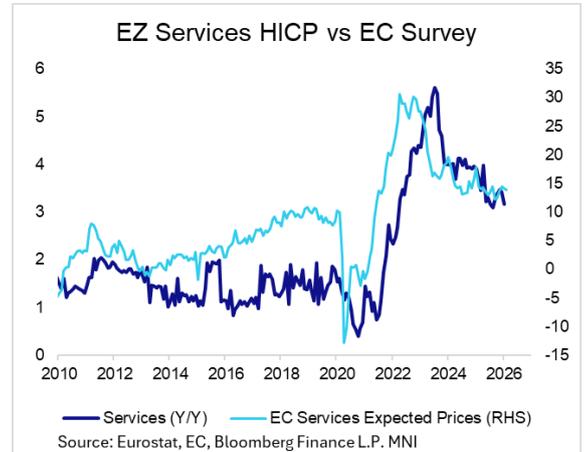
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Expected Positive/Negative Factors for February Eurozone Inflation

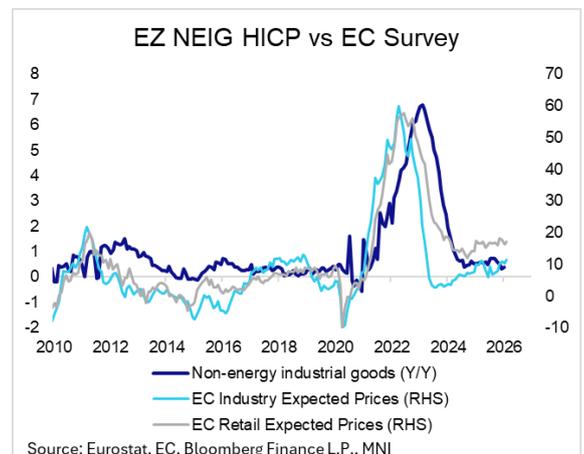
Services (-ve Y/Y) – 47% of 2026 HICP Basket:

- Analyst February estimates: Goldman Sachs 3.19% Y/Y; Morgan Stanley 3.14% Y/Y; Nomura 3.35% Y/Y;
- Jan EZ Services 3.16% Y/Y, -0.40% M/M. Feb 2025 0.62% M/M vs 0.58% 2018 - 2025 M/M avg
- Services inflation in the Eurozone had generally been a little firmer than expected towards Q4'25, accelerating to 3.4-3.5% from a 3.1% cycle low last August. However, in January 2026, services saw a notable deceleration, with country level data pointing towards disinflationary start-of-year price resets. Our measures of underlying services inflation were also soft.
- For February, focus will be on whether these dynamics persist, with start-of-year price resets common throughout Q1.
- Morgan Stanley note that “We see signals for continued disinflation from the January print from the weakness in underlying services inflation being shared across several countries. We also note that our monitoring of negotiated wages in 2026 supports that view of softening cost pressures at the start of the year”
- Services inflation rose 0.62% M/M in February 2025, above the 0.51% long-term average. If February 2026 sees a seasonally normal rise of 0.51%, it would pull annual services inflation down to 3.05% Y/Y.
- The February flash PMI noted “slower pace of [output price] inflation in the services sector”.
- The EC’s services expected prices series fell to 13.9 in February after 14.1 in January; September’s 12.2 was the lowest reading since mid-2021.
- Looking ahead, the ECB notes that “the initial decline in [core] inflation is seen to be driven primarily by the slowdown in services inflation, mirroring easing labour cost pressures. The disinflation process in the services component is expected to come to a halt in 2027, in line with a stabilisation in labour cost growth.”



Core goods (broadly neutral Y/Y) – 25% of 2026 HICP Basket:

- Analyst February estimates: Goldman Sachs 0.35% Y/Y; Morgan Stanley 0.62% Y/Y
- Jan EZ NEIG 0.38% Y/Y, -2.37% M/M. Feb 2025 0.41% M/M vs 0.27% 2018 - 2025 M/M avg
- Core goods inflation continued to hover close to cycle lows in January after unwinding an earlier contained acceleration seen in Q3. Analysts expect roughly steady developments in February, and generally remain relaxed about pipeline pressures.
- In February, a base effect in France (due to timing of seasonal sales) is expected to push Eurozone-wide goods inflation up a little relative to January.
- The ECB wrote in its February monthly bulletin that “The latest indicators of pipeline pressures suggest that inflationary pressures on goods prices are broadly unchanged [...] weaker import price dynamics reflected the appreciation of the euro and downward price pressures due to imports of cheaper goods from China, while domestic producer price dynamics remained more persistent”
- The February flash PMI noted that “While the pace of input cost inflation quickened, firms raised their selling prices at a slightly softer pace. Nonetheless, the latest increase in charges was still solid and the second-fastest in the past year. In line with the picture for input costs, a faster rise in manufacturing selling prices...”,
- Meanwhile the EC ESI manufacturing industry selling price expectations reading ticked up slightly to 11.5 in February (10.3 January). This was a 3-year high.

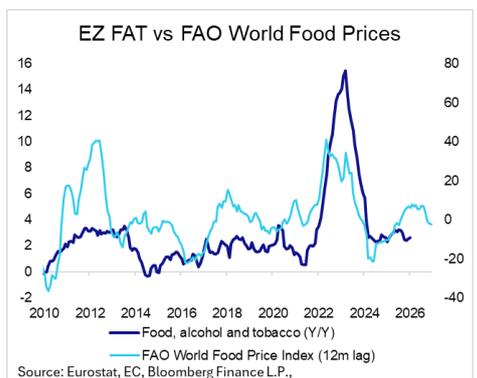
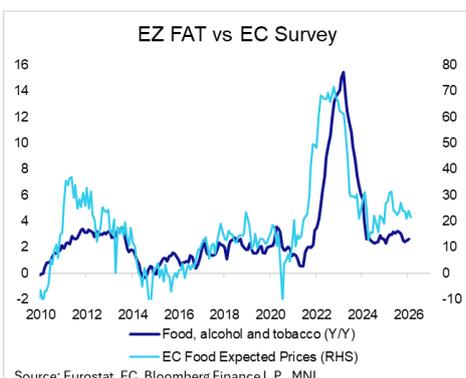
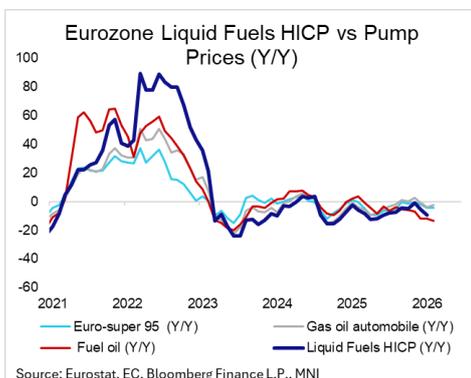


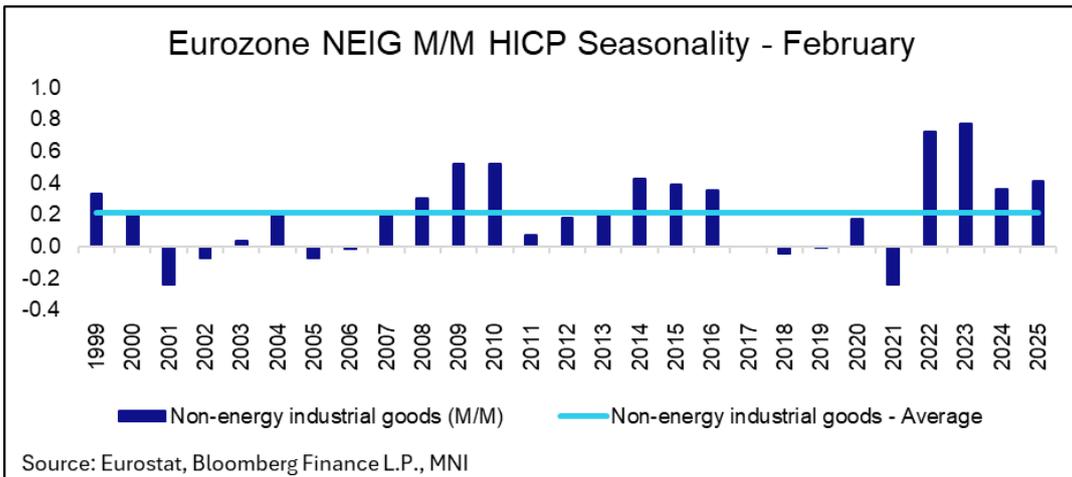
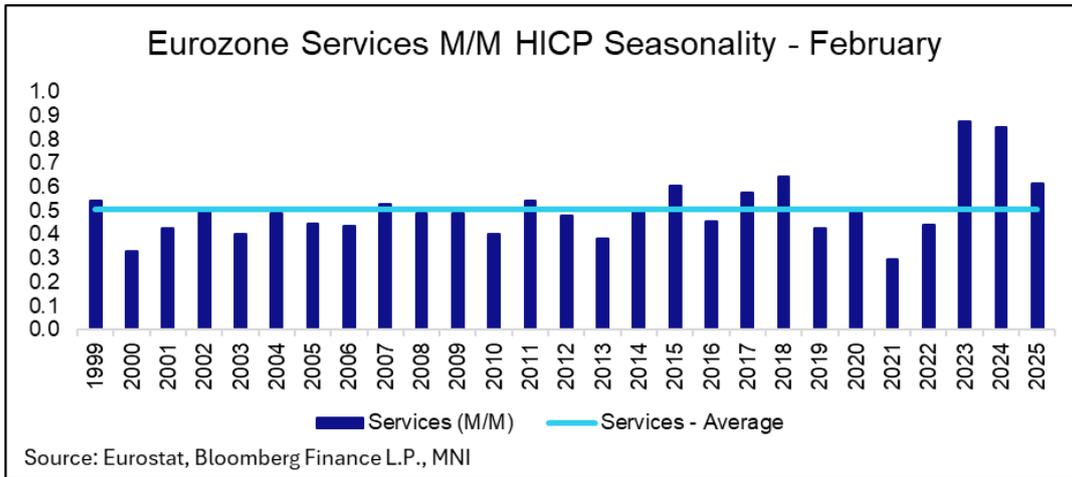
Food, alcohol & tobacco (broadly neutral Y/Y) – 19% of 2026 HICP Basket:

- Analyst February estimates: Goldman Sachs 2.3% Y/Y; Morgan Stanley 2.56% Y/Y
- Jan EZ FAT 2.61% Y/Y, 0.74% M/M. Feb 2025 0.36% M/M vs 0.46% 2018 - 2025 M/M avg
 - Jan EZ Processed food inc. alcohol and tobacco 2.03% Y/Y, 0.45% M/M. Feb 2025 0.28% M/M vs 0.37% 2018 - 2025 M/M avg
 - Jan EZ Unprocessed food 4.19% Y/Y, 1.51% M/M. Feb 2025 0.59% M/M vs 0.68% 2018 - 2025 M/M avg
- Food, alcohol and tobacco inflation continues to reflect divergence between the processed and unprocessed food components. The more volatile unprocessed category was 4.19% Y/Y in January (vs 3.53% prior), while processed food, alcohol and tobacco eased to a 52-month low of 2.03% (vs 2.14% prior). This divergence is expected to persist in February:
 - Morgan Stanley note that “The recent drop of producer prices inflation suggests that processed food inflation is likely to ease in the next months”.
- The ECB’s food expected prices series retraced January’s rise in February, falling to 21.4 (vs 24.1 in Jan. 21.0 in Dec).
- From the ECB December quarterly projections: “Food inflation is projected to continue to decline noticeably in the short term, as commodity prices ease and weather-related factors fade, and to remain at moderate levels throughout 2028. Specifically, in 2025 food inflation is expected to fall from 3.2% in the third quarter to 2.5% in the fourth quarter, reflecting the recent easing in certain food commodity prices, such as cocoa and coffee, as well as the fading impact of adverse weather conditions observed over the summer. The continued moderation through late 2026 is attributed to lower euro area food commodity prices and downward base effects from the strong price increases in mid-2025. On average, food inflation is projected to stand at 2.4% in 2026-27, before easing further to 2.2% in 2028. These levels are below the long-term average and in line with benign assumptions for energy and food commodity prices”
- A reminder that a recent [blog](#) by ECB staff suggests food inflation developments are “particularly relevant in the ECB’s current analyses”. The blog notes that food inflation matters because of (i) the impact it has on inflation expectations and (ii) the possible second round impacts into wage setting. Governing Council members Makhlouf and Nagel have also re-iterated calls for vigilance in semi-recent comments.

Energy (-ve Y/Y) – 9% of 2026 HICP Basket:

- Analyst February estimates: Goldman Sachs -3.0% Y/Y; Morgan Stanley -3.24% Y/Y
- Jan EZ Energy -3.97% Y/Y, 0.81% M/M. Feb 2025 -0.30% M/M vs 0.39% 2018 - 2025 M/M avg
- EC pump price data points to a sequential acceleration in oil prices in February. This is expected to place upward pressure on annual inflation metrics. Meanwhile, front-month natural gas prices have fallen considerably from end-January highs.
- A base effect related to French regulated electricity prices is also expected to place some upward pressure on the energy component.
- The ECB sees energy inflation at -1.0% in 2026, 0.0% in 2027 and 2.2% in 2028. “Energy inflation is projected to remain subdued until late 2027, before rising notably in 2028 with the introduction of ETS2. The sharp decline in energy inflation during the first quarter of 2026 is largely attributed to a pronounced downward base effect in the transport fuels component. In addition, an expected reduction in electricity prices in Germany, driven by lower network fees, is seen as contributing to the decline in energy prices seen in early 2026. As these effects fade, energy inflation will remain subdued, in line with rather flat energy price assumptions”, they note. A 2027 downward revision of 2.4 percentage points comes after the mentioned EU ETS2 introduction was being pushed back to 2028.





Already Released Country-Level Data

Belgium HICP Unchanged In February; CPI Higher

Belgium HICP was unchanged in February at 1.4% Y/Y according to the Statbel flash estimate, consolidating a recent downtrend after December's 2.2% and November's 2.6%. National CPI (non HICP) inflation meanwhile accelerated, to 1.45% in February from 1.10% in January.

- Sticking to the non-HICP details, core CPI (ex energy & unprocessed food) was the main driver here, ticking up to 2.83% Y/Y (vs 2.54% Jan).
- Services CPI rose to 4.75% Y/Y (4.32% prior).
- (Volatile) airfares have been a services upward driver this time, as they accelerated sharply to 35.0% Y/Y in February from 13.3% in January. Looking at correlations between that series and its equivalent in Eurozone HICP suggests that co-movements are mostly seasonally driven, not by non-seasonal idiosyncratic shocks. That takes away from any feedthrough inference of the strong Belgium M/M print in the category seen this time.
- "Regarding energy, inflation stands at -7.89% this month, compared to -9.24% in January and -5.00% in December" while "inflation for food products (including alcoholic beverages) reached 0.66% this month, compared to 0.44% the previous month."
- For context, Belgium represents 4% of the Eurozone 2026 HICP basket.

Outlooks And Consensus Estimates For National Inflation Prints:

Germany (28% of 2026 EZ HICP) – 1300GMT Friday February 27 (after state-level data in the morning)

- Consensus:
 - HICP: 2.1% Y/Y (vs 2.12% prior); 0.5% M/M
 - CPI: 2.0% Y/Y (vs 2.1% prior); 0.5% M/M
- Analyst HICP views/estimates:
 - **Bank of America (Headline 2.0%)**
 - **Commerzbank (Headline 2.0%, Core 2.5%):** Expect "lower food inflation and a sharper decline in energy prices", but believe lower core rates "are expected in the coming months, partly because wage-driven price pressure is likely to gradually ease".
 - **Goldman Sachs (Headline 2.1%; Core 2.6%):** "We see airfares continuing to unwind the firmness over recent months at -3%mom nsa, package holidays printing at 9%mom nsa, and accommodation services at around 0.5%mom. As the restaurant VAT decrease from 19% to 7% in January seems to have had little to no effect on consumer prices in January, we would not expect any delayed pass-through to come through in February"
 - **HSBC:** "Anticipate a rebound in prices for package holidays (+10.0% m-o-m) and clothing, in line with seasonal patterns. Food is also likely to have a discernible impact on monthly price growth....Year-on-year rates are projected to remain stable at 2.1% for both measures."
 - **Nomura (Headline 2.22%):** Think "risks are skewed to the downside relative to our forecast due to energy prices, and the risk of further pass-through of reduced electricity grid prices, albeit upside risks from services inflation exist. "
 - **Morgan Stanley (Headline 2.09%; Core 2.5%):** "Expect inflation in non-volatile services to ease further in February, albeit at a slower pace, and forecast services excluding package holidays, air fares and accommodation at 3.1%Y from 3.2%Y". In goods, they see a small base-effect driven rise to 1.6% Y/Y (vs 1.4% prior). "In non-core space, energy inflation is forecasted at -2.1%Y from -1.7%Y, reflecting base effects from strong oil prices last year." Finally they "forecast food inflation at 1.8%Y after a strong uptick to 2.1%Y in January."
 - **TD (Headline 2.0%):** "Easing energy and food prices should be balanced by the slightly higher core component before wage-driven services also gradually ease throughout the year."
- The Bundesbank highlights in its February monthly report: "In the coming months, the inflation rate is likely to hover around the 2% mark. The core rate is likely to remain elevated for the time being, as service prices continue to rise dynamically, particularly administered prices in healthcare and elderly care. By contrast, industrial goods excluding energy should continue to see only slight price increases. Despite the recent rise, energy prices are likely to continue to dampen the overall rate for the time being". Methodological changes to HICP "had little impact on the outlook for the inflation rate."
- The February flash PMI noted "a broad-based increase in output prices. The overall rate of inflation ticked down from January's near two-year high but continued to outstrip the long-run average. There was another

steep – albeit slightly softer - increase in prices charged by service providers, while manufacturers raised factory gate prices for the first time in four months, though only marginally.”

- Final German CPI data, unrevised at a headline level with 0.1% M/M and 2.1% Y/Y, confirms our reading of the state-level data that the January services slowdown was broad-based. This indicates the annual repricing of a large amount of items under the category has been slower than before, an encouraging sign for the ECB's view that services inflation will moderate over the medium term.
- The differences between the German HICP and national CPI Y/Y data for the Y/Y change between December and January centre around transport and communication. Elsewhere, isolating the difference between the new and old HICP methodology shows the healthcare division as a standout, now printing systematically higher, at 4.4% in December which is a notably 2.1pp above its rate using the old methodology.

France (18% of EZ HICP in 2026) – 0745GMT Friday February 27

- Consensus:
 - HICP: 0.8% Y/Y (vs 0.40% prior); 0.5% M/M
 - CPI: 0.8% Y/Y (vs 0.34% prior); 0.5% M/M
- Key dynamics in February include a bounce back in core goods and energy, the former due to the timing of retail sales and the latter due to regulated electricity price base effects.
- Analyst HICP views/estimates:
 - **Goldman Sachs (Headline 1.0%; Core 1.2%):** “We expect a 7%mom nsa increase in airfares and a 3%mom nsa print for package holidays, and see risks as balanced around both. Across other core components, we see some additional upside pressure in services inflation coming from an increase in banking fees but some minor downside from highway tolls rising by less than last February.”
 - **HSBC (Headline 1.1%):** “We expect French inflation to bounce back markedly ... This would mainly reflect two factors. First, manufactured goods inflation is set to pick up due to the payback of the winter sales price collection effect. Second, energy inflation should surge on the back of base effects in electricity prices (regulated electricity prices fell by 0.8% on the month in February 2026, compared to a fall of 15% one year ago). The increase in energy inflation should also be amplified by the recent rise in oil prices.”
 - **Morgan Stanley (Headline 1.19%; Core 1.4%):** “We forecast that energy inflation will jump (-2.8%Y from -7.6%Y)“....” With fewer days of sales this year than last (2 vs 7); goods inflation will thus not only reverse the January drop but it will overshoot, and we expect it will stand at 0.5%Y”. On services, Morgan Stanley’s “focus is on rents, which usually see the largest change of the year in that month. We expect rent inflation to ease, as it follows headline CPI with some lags. This should warrant some further softening of CPI services inflation to 1.6%Y.”. As such, they see core HICP at 1.4% Y/Y (Vs 1.0% prior).
 - **Nomura (Headline 0.70%):** “In France, the jump in February relative to January is almost entirely base effects owing to energy prices, and we see downside risks due to a reduction in regulated energy prices”
- The February flash PMI noted “While services companies discounted to the greatest extent in nine months, prices charged for French goods rose at the quickest rate in a year-and-a-half. Goods price inflation was more than offset by the reduction in services charges, with overall selling prices down for the first time in three months. As for companies’ operating expenses, the rate of input cost inflation eased to a four-month low midway through the first quarter.”
- Outgoing Banque de France Governor Villeroy has stressed that French inflation is undershooting on temporary factors, and is not “too low”. While the headline reading of 0.40% Y/Y (vs 0.65% prior) is certainly skewed lower by energy base effects, our inflation breadth metrics still point to broader, more persistent, downside inflation pressures. This suggests a return to the 2% level is still some way off. The proportion of ECOICOP2 subcomponents with annual inflation rates below 1% Y/Y rose to 61% in January, up from 59% in December and 55% in January 2025. This was a five-year high. In particular, we noted strength in the insurance component in January, in contrast to other Eurozone countries.

Italy (16% of EZ HICP in 2026) – 1000GMT Tuesday March 3

- Analyst Headline HICP estimates (vs 1.02% prior):
 - **Goldman Sachs (Headline 1.0%, Core 1.9%)**: “We see accommodation services printing around 1%mom nsa, package holidays coming in at 0.5%mom nsa, and airfares at 3.4%mom nsa. We see risks for a slightly weaker goods print on the back of potentially weaker garments and footwear components. “
 - **Morgan Stanley** 0.85% Y/Y
 - **Nomura**: 1.05% Y/Y
- Italy January final HICP printed at 1.0% Y/Y (1.2% Dec), and -1.0% M/M (0.2% Dec), confirming the flash estimate. We note a 0.1ppt downward revision to services HICP (now 2.7% Y/Y, vs 2.8% Dec) though partially offset by an upward 0.3ppt revision to energy (now -6.2% Y/Y, vs -4.5% Dec). Food and non-alcoholic beverages saw inflation revised down 0.2ppt to 2.3% Y/Y while core goods was revised up 0.1ppt (now 0.5% Y/Y).

Spain (12% of EZ HICP in 2026) – 0800GMT Friday February 27

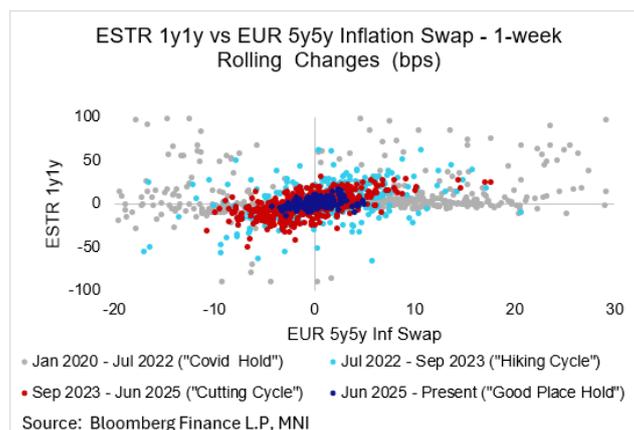
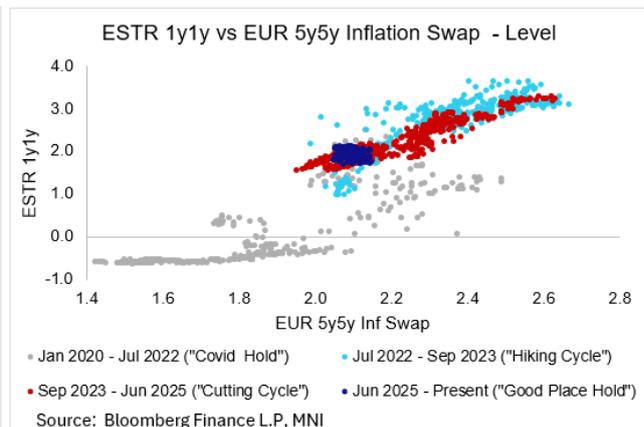
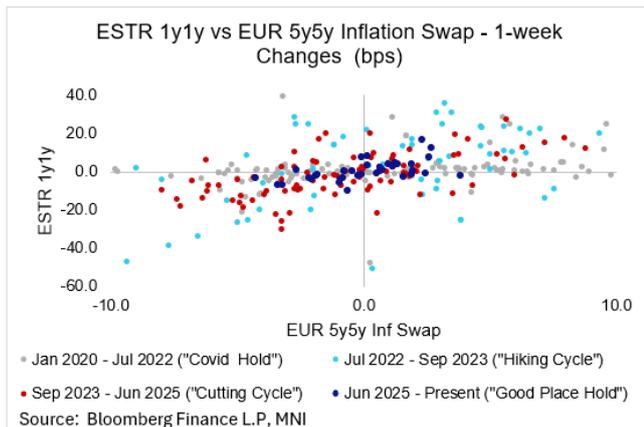
- Consensus:
 - HICP: 2.3% Y/Y (vs 2.42% prior); 0.3% M/M
 - CPI: 2.2% Y/Y (vs 2.29% prior); 0.4% M/M
 - Core 2.6% Y/Y (vs 2.6% prior)
- Analyst HICP views/estimates:
 - **Goldman Sachs (Headline 2.3%, Core 2.7%)**: “We expect a 2%mom nsa increase in the package holidays component and a 4%mom nsa increase in airfares. In addition, we expect that the introduction of a EUR60 public transport ticket from January 19 will still provide a drag in February bearing in mind the timing of the measure, and see transportation by rail printing at -5%mom nsa. We also see some upside potential in goods inflation driven by an unwind of more negative seasonality in garments and footwear seen in January”.
 - **Morgan Stanley (Headline 2.18%)**: Believe the deceleration in headline inflation “will be driven by weak electricity prices, declining significantly during the month (-4.9%M vs +0.9%M last year)”
 - **Nomura (Headline 2.27%)**
- Spain final January HICP printed at 2.42% Y/Y, 0.1ppt lower than the flash reading when rounded (vs 3.04% Dec). The M/M rate was also revised down 0.1ppt on a rounded basis to -0.8% M/M (vs 0.3% Dec) but unrounded was -0.75%. Core HICP (ex unprocessed foods and energy - not the Eurostat definition) was 2.77%Y/Y (flash was also 2.8%Y/Y).
- Headline CPI (non-HICP) was also revised a tenth lower than flash at 2.3% Y/Y (vs 2.9% Dec), while core CPI was unrevised at 2.6% Y/Y.

Inflation Swap Expectations

The ECB remains in its well-signalled “good place” on policy rates, and market-implied inflation expectations have been anchored around the 2% inflation target for some time now. That has seen the sensitivity of front-end EUR rates (e.g. ESTR 1y1y) to changes in EUR 5y5y inflation swaps decline considerably relative to the Sep-23 to Jun-25 cutting cycle. Looking ahead, it may require the onset of a fresh policy rate cycle (e.g. in response to a new shock or change in the existing balance of risks) for this sensitivity to increase again.

- The 5y5y EUR inflation swap is currently at 2.090%, down from a year-to-date closing high of 2.1440% on February 2. Based on daily data since the last ECB cut, this 5y5y level has been associated with a 1.92% ESTR 1y1y rate. ESTR 1y1y is currently at 1.95%.
- ECB officials will have to weigh several "known unknowns" facing the inflation outlook over the coming years. Continued import penetration from China (and related EUR effective exchange rate dynamics) remains a downside risk to goods inflation in the near-term, but the impact of higher tariffs/deglobalisation forces on supply chains may provide some offset further out.
- Domestically, there remains uncertainty around the inflationary impulse from higher German fiscal spending, alongside the broader compensation/productivity outlook.

Sensitivity of ESTR 1y1y To EUR 5y5y Inf Swap	Betas		
	Levels	7-day Change (No Overlapping Periods)	7-day Rolling Changes (Overlapping periods)
Jan 2020 - Jul 2022 ("Covid Hold")	1.26	0.37	0.30
Jul 2022 - Sep 2023 ("Hiking Cycle")	2.79	1.47	1.43
Sep 2023 - Jun 2025 ("Cutting Cycle")	2.82	1.79	1.93
Jun 2025 - Present ("Good Place Hold")	-1.61	1.53	1.16



ECB Outlook (December Projections)

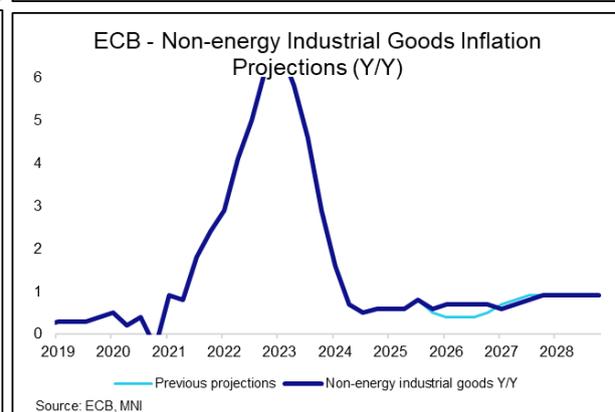
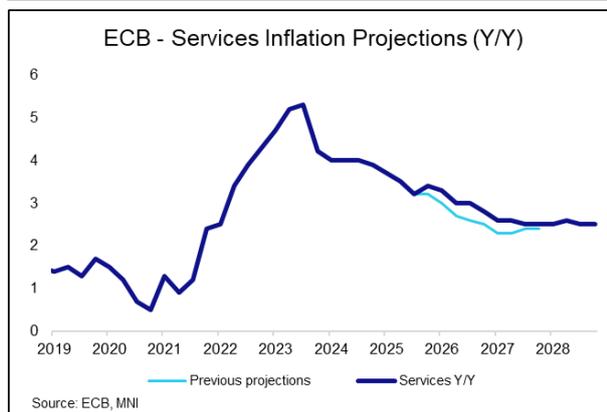
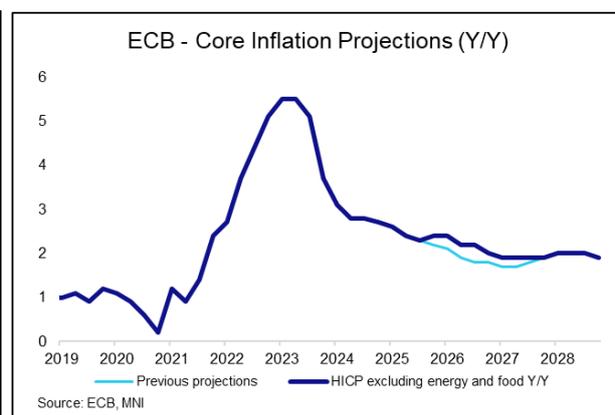
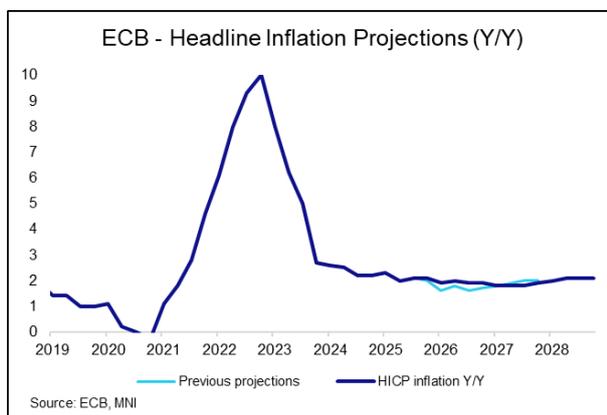
In the ECB's December macroeconomic projections, inflation figures generally surprised to the upside. Revisions to core inflation were the driver here, now expected at 2.2% in 2026 (+0.3pp), 1.9% in 2027 (+0.1pp) and 2.0% in 2028 (new projections). President Lagarde mentioned in the press conference that Indicators of underlying inflation have changed little in recent months, and remain consistent with the 2% target.

From the ECB's write-up:

- *“The expected decline in headline inflation (as measured by the Harmonised Index of Consumer Prices – HICP) at the start of 2026 reflects a downward base effect stemming from energy prices, while inflation in non-energy components should continue to ease throughout 2026. The contribution of energy inflation to headline inflation is expected to remain muted up to late 2027, before increasing notably in 2028 driven by the expected implementation of the EU Emissions Trading System 2 (ETS2), with an upward impact of 0.2 percentage points on headline inflation.”*
- *“HICP inflation excluding energy is expected to fall from 2.5% in 2025 to 2.2% in 2026 and to 2.0% in 2027 and 2028. Food inflation is projected to drop noticeably as the effects of prior price increases in global food commodities and adverse weather conditions over the summer subside, and is seen to stabilise at rates somewhat above 2% as of late 2026.”*
- *“HICP inflation excluding energy and food (HICPX) is projected to moderate from 2.4% in 2025 to 2.0% in 2028 as services inflation declines amid easing labour cost pressures, and as the past appreciation of the euro feeds through the pricing chain, curbing goods inflation.”*

In the press conference, Lagarde commented further on the risks to the December inflation projections:

- *“The outlook for inflation continues to be more uncertain than usual on account of the still volatile international environment. Inflation could be lower if the rise in US tariffs reduces demand for Euro area exports, or if countries with overcapacity increase their exports to the euro area. A stronger Euro could also weigh on inflation.”*
- *“Inflation could turn out to be higher if fragmented supply chains push up raw material prices”*
- *“A slower reduction in wage pressures could delay the decline in services inflation.”*
- *“A boost in defence and infra spending could also raise inflation over the medium term.”*



ECB Survey of Professional Forecasters, Consumer Survey and Corporate Telephone Survey

The ECB's Q1 Survey of Professional Forecasters saw an immaterial revision to median expectations for GDP growth while inflation medians were unrevised. One potentially notable development was that the ECB no longer commented on tariff risks in the press release as it did in previous quarters. Overall, the survey shouldn't have much impact on the median Governing Council member's views. Full survey [here](#)

- HICP expectations were unchanged for 2026 (1.8%), 2027 (2.0%) while 2028 was added for the first time at 2.1%. There were also no revisions to median core HICP expectations for those years.
- GDP growth expectations for 2026 (1.2%) represent a 0.1pp upward revision, while 2027 stands unrevised (1.4%). For 2028, the survey sees a new 1.3% median.
- Looking at the charts of the survey shows uncertainty for 2026 HICP inflation expectedly decreasing amongst forecasters, with now 40.3% of the sample seeing the measure to average between 1.8% and 2.2% this year (36.4% back in Q4). Downside risks are seen as more prevalent for this year than upside risks, consistent with the ECB's view that headline inflation should edge somewhat below 2% this year. For 2027, 35.7% of forecasters think inflation will come in between 1.8% and 2.2%, meanwhile (36.0% back in Q4).

Year-ahead median inflation expectations were unchanged at 2.8% in the ECB's December Consumer Expectations Survey (a tenth higher than expected).

- However, the median 3-year ahead expectation increased 0.1ppt to 2.6% (against an expected 0.1ppt decrease), and the five-year median increased 0.2ppt to 2.4%. The uncertainty around these expectations remained unchanged in December.

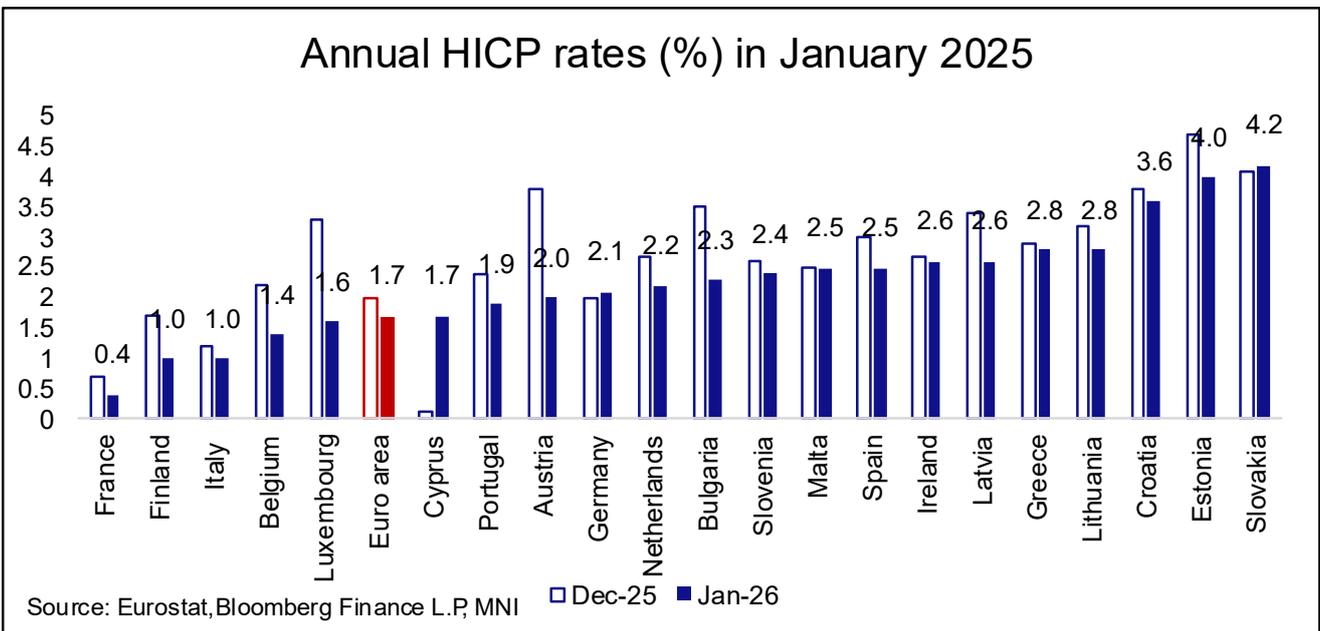
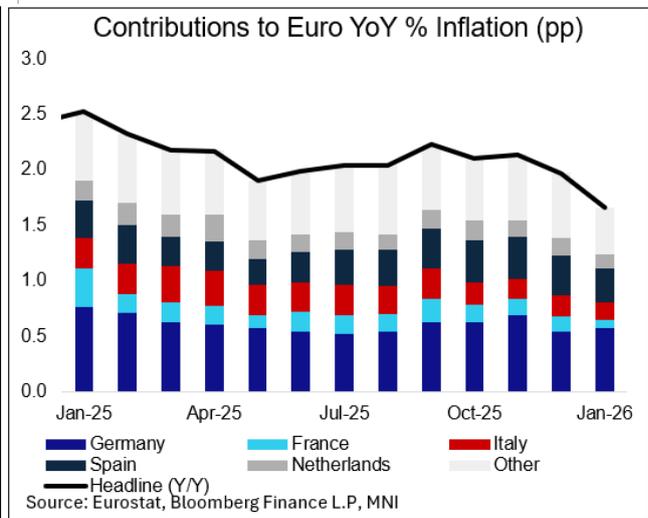
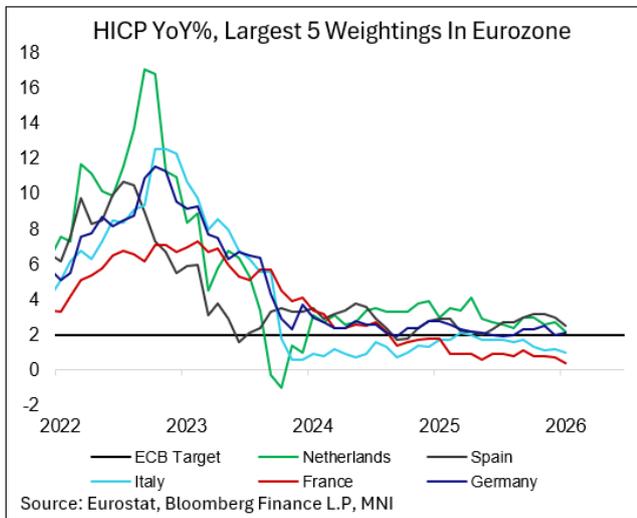
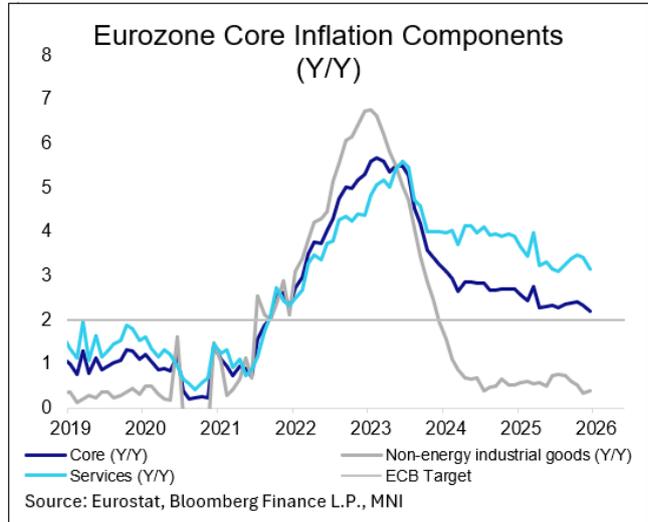
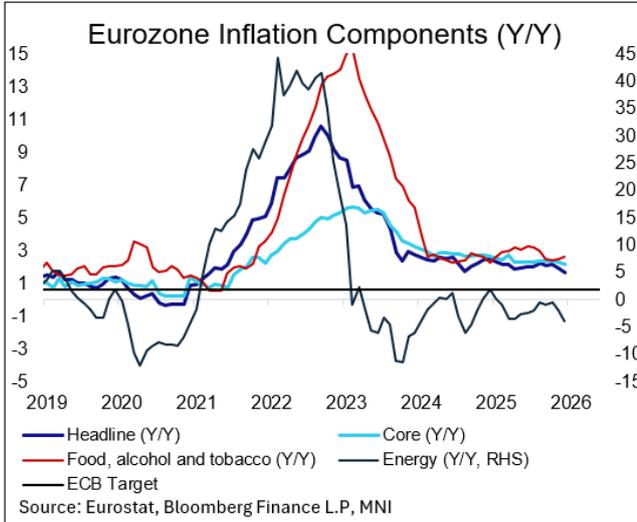
At a hearing of the Committee on Economic and Monetary Affairs of the European Parliament on Thursday, ECB President Lagarde noted that "even though inflation has declined, surveys show that many citizens still perceive prices to be rising faster than the official data suggest". She concluded that "The ECB pays close attention to households' inflation perceptions – not only because these have an impact on economic activity and expectations, but also to ensure that we continue to earn the trust of the people we serve."

The latest ECB corporate telephone survey noted:

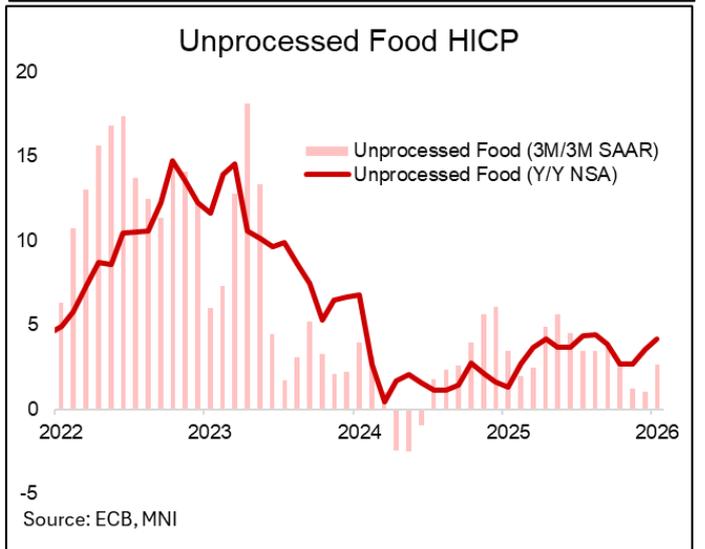
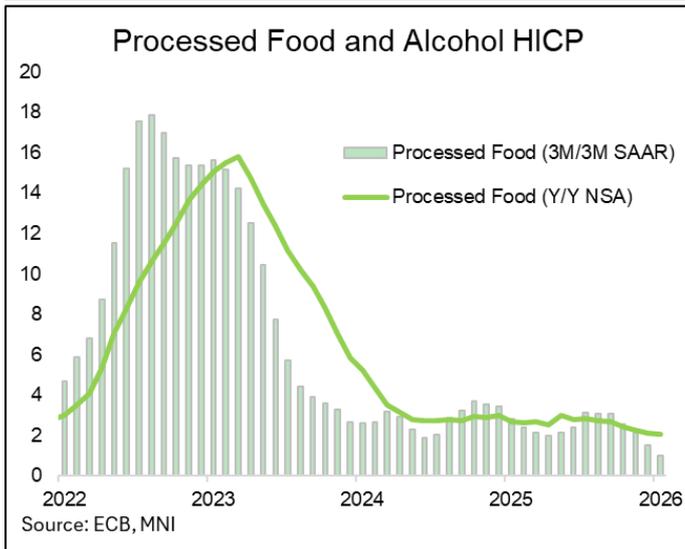
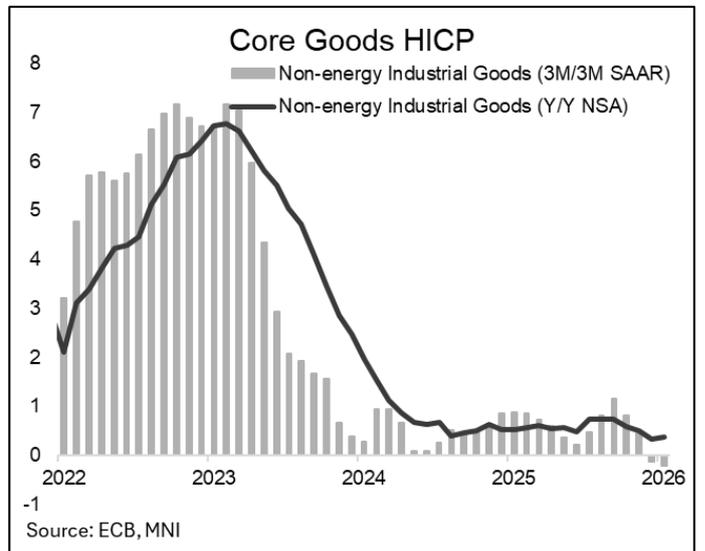
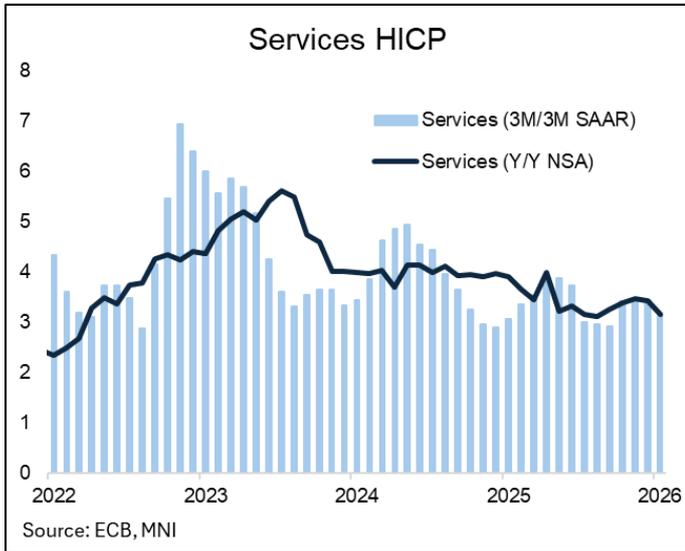
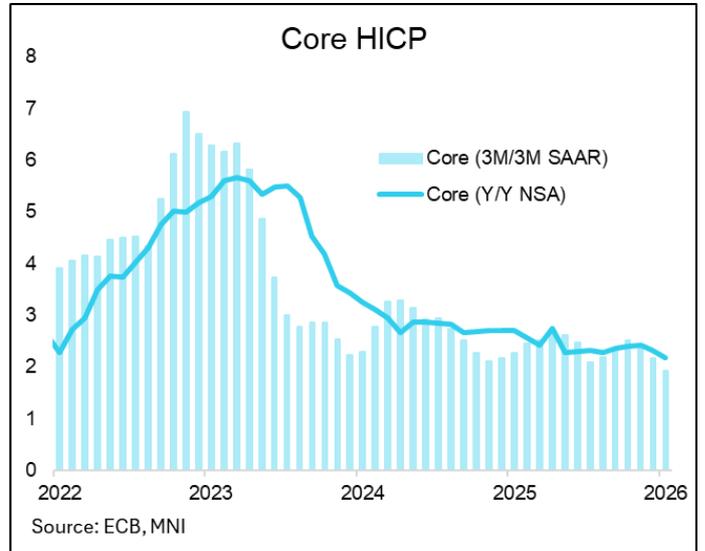
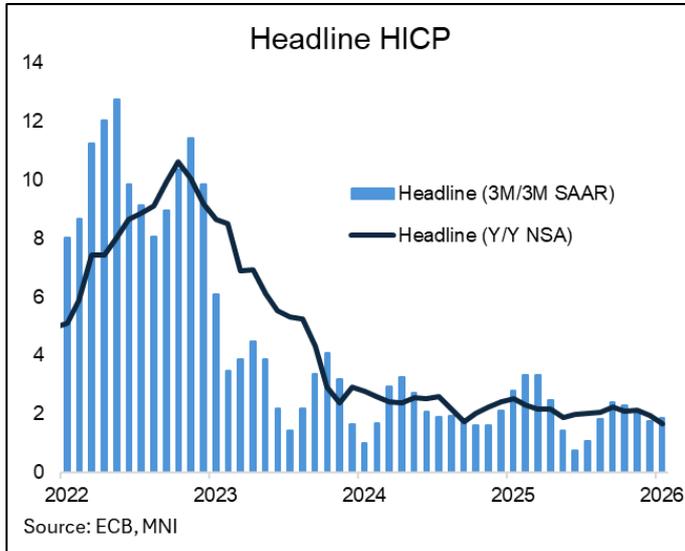
- "Growth in selling prices had remained moderate, with recent trends broadly expected to persist in the short term".
- "Price growth continued to be driven by services, including food retail, transport, tourism, hospitality, telecommunications, real estate and AI-related services. Particularly in consumer services, contacts said that their firms could increase prices at quite good rates, still benefiting from customers' willingness to spend, although some anticipated more resistance in the future".
- "Contacts in the non-food retail sector and in manufacturing, by contrast, reported rather stable prices, with many describing prices as "under pressure". In these sectors, upward price and cost pressure from wages and regulation were counterbalanced by downward pressure from increasing import competition".
- "For upstream manufacturers, this typically put downward pressure on both prices and margins, while downstream manufacturers also benefited from lower input prices, neutralising the impact on their margins".

[Charts, heatmaps and detailed analyst views continue below]

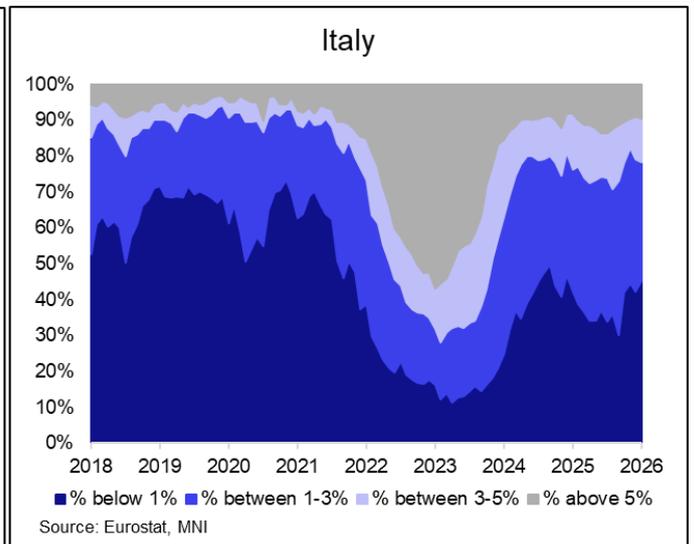
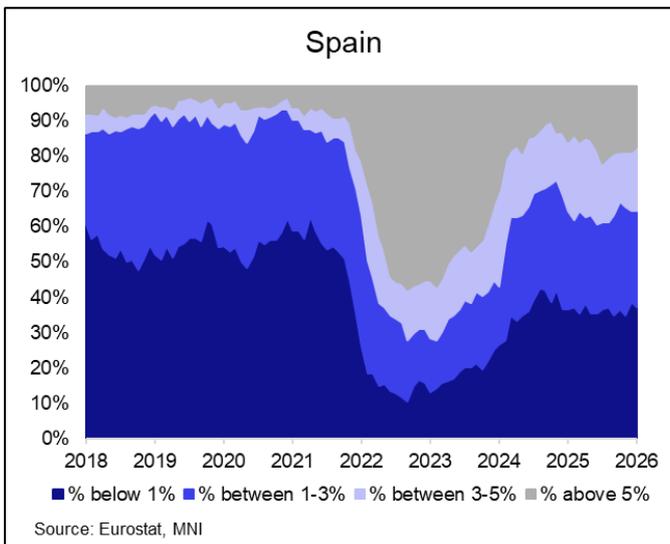
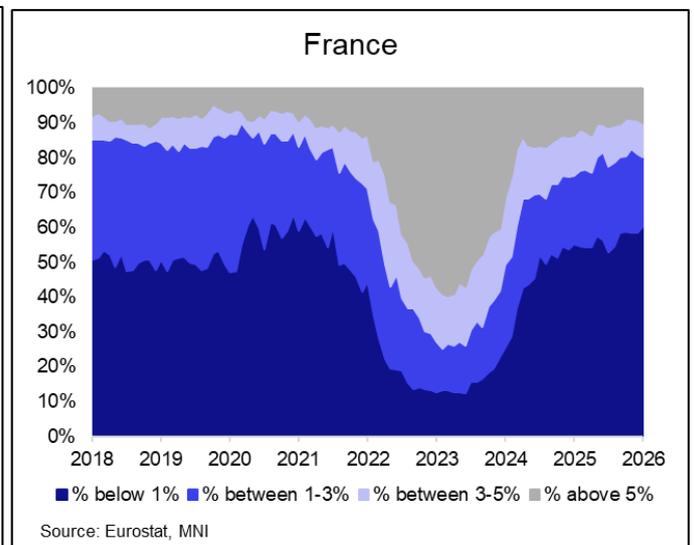
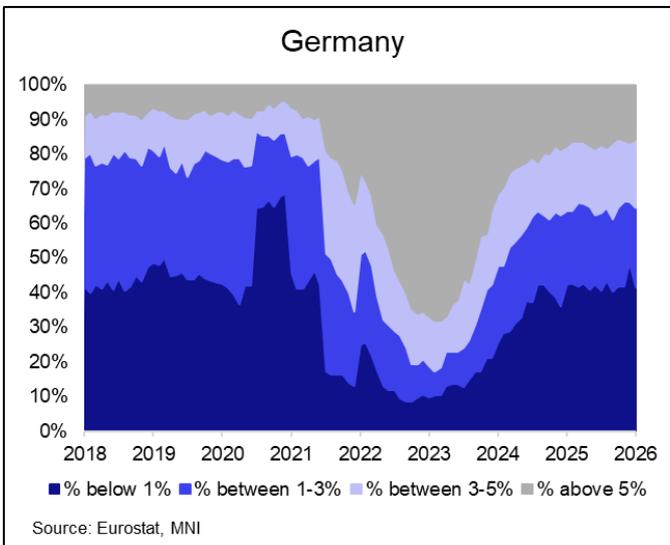
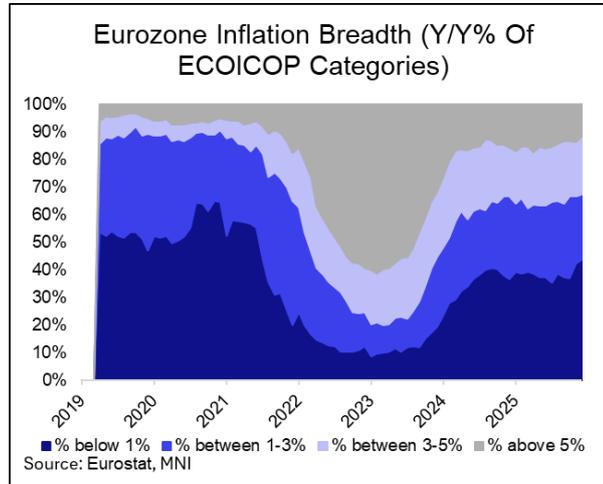
Key Eurozone Inflation Charts



Eurozone - Key Inflation Categories % Y/Y And Momentum (On Seas Adj. 3M/3M Basis)



Country-Level Breadth Charts



HICP Heatmaps

Headline	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Eurozone	2.52	2.32	2.18	2.17	1.90	1.98	2.03	2.04	2.23	2.10	2.14	1.97	1.66
Germany	2.79	2.62	2.35	2.23	2.10	1.98	1.86	2.03	2.35	2.30	2.55	2.04	2.12
France	1.83	0.93	0.88	0.92	0.59	0.85	0.94	0.83	1.07	0.85	0.79	0.65	0.40
Italy	1.65	1.65	2.14	2.03	1.72	1.72	1.73	1.63	1.72	1.31	1.11	1.21	1.02
Spain	2.88	2.89	2.23	2.24	1.98	2.27	2.70	2.70	3.04	3.18	3.16	3.04	2.42
Netherlands	2.98	3.47	3.38	4.12	2.85	2.67	2.55	2.42	2.96	3.05	2.63	2.75	2.18
Belgium	4.36	4.43	3.56	3.12	2.81	2.85	2.62	2.61	2.68	2.53	2.63	2.18	1.35
Austria	3.42	3.42	3.10	3.25	2.98	3.23	3.67	4.15	3.91	4.04	3.97	3.80	2.03
Portugal	2.70	2.46	1.88	2.12	1.69	2.07	2.50	2.52	1.92	1.98	2.14	2.39	1.92
Ireland	1.65	1.46	1.79	2.07	1.44	1.58	1.61	1.86	2.68	2.76	3.13	2.72	2.52
Greece	3.15	3.04	3.12	2.65	3.29	3.57	3.74	3.06	1.81	1.64	2.82	2.86	2.85

Core	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Eurozone	2.70	2.56	2.43	2.75	2.28	2.30	2.31	2.28	2.36	2.39	2.41	2.32	2.18
Germany	3.60	3.13	2.83	3.10	2.73	2.55	2.34	2.36	2.59	2.73	2.99	2.49	2.43
France	2.05	1.90	1.85	1.88	1.41	1.61	1.74	1.43	1.52	1.46	1.23	1.28	1.05
Italy	1.78	1.57	1.85	2.13	1.82	2.01	2.05	1.95	2.12	1.91	1.82	1.92	1.85
Spain	2.43	2.32	2.21	2.96	2.47	2.46	2.58	2.66	2.70	2.90	2.99	2.96	2.96
Netherlands	2.56	3.18	3.28	4.20	2.27	2.42	2.30	2.14	2.65	2.92	2.68	2.96	2.45
Belgium	1.33	2.86	2.25	2.32	2.14	2.25	2.19	2.11	2.53	2.54	2.73	2.95	3.06
Austria	3.42	3.32	2.81	3.25	2.77	2.70	3.10	3.54	3.34	3.29	3.17	3.07	2.70
Portugal	3.04	2.73	2.11	2.66	1.73	2.21	2.53	2.48	1.57	1.89	2.06	2.58	2.02
Ireland	2.00	1.74	1.70	2.40	1.52	1.54	1.33	1.57	2.52	2.57	2.98	2.56	2.62
Greece	4.38	4.18	3.85	3.85	4.05	4.23	4.27	3.90	2.61	1.95	3.18	3.18	3.30

Services	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Eurozone	3.90	3.66	3.45	3.98	3.22	3.31	3.16	3.10	3.25	3.38	3.47	3.42	3.16
Germany	5.07	4.65	4.05	4.52	3.77	3.56	2.98	3.00	3.44	3.68	4.25	3.89	3.53
France	2.61	2.46	2.50	2.52	2.03	2.29	2.36	1.99	2.20	2.15	1.88	1.85	1.96
Italy	2.84	2.62	2.71	3.42	2.88	2.86	2.85	3.04	2.95	2.86	2.56	2.76	2.66
Spain	3.52	3.32	3.11	4.11	3.45	3.40	3.62	3.70	3.74	3.91	3.90	3.92	3.88
Netherlands	4.09	4.32	4.41	6.01	2.78	3.75	3.34	2.96	3.55	4.72	4.15	4.35	3.60
Belgium	4.09	4.16	3.64	3.57	3.48	3.55	3.22	3.42	3.67	3.71	4.17	4.24	3.44
Austria	5.03	4.59	4.08	4.77	4.20	4.05	4.33	4.45	4.65	4.58	4.44	4.49	3.97
Portugal	4.65	3.81	3.30	4.28	2.65	3.38	3.95	3.78	2.45	2.90	3.29	4.16	3.10
Ireland	3.75	3.24	2.60	3.73	2.24	2.41	2.09	2.16	3.19	3.52	4.07	3.37	3.41
Greece	5.56	5.26	5.15	5.30	5.16	5.42	5.25	4.86	3.44	2.80	4.69	4.55	4.10

Non-energy industrial goods	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Eurozone	0.52	0.57	0.61	0.55	0.58	0.49	0.74	0.75	0.74	0.59	0.51	0.34	0.38
Germany	1.21	0.66	0.86	0.80	1.02	0.91	1.29	1.31	1.19	1.18	0.92	0.19	0.59
France	0.86	0.71	0.48	0.51	0.10	0.12	0.32	0.17	0.07	-0.01	-0.16	0.05	-0.86
Italy	0.10	-0.10	0.50	0.20	0.39	0.59	0.31	0.21	0.80	0.49	0.59	0.39	0.52
Spain	-0.12	-0.09	0.09	0.20	0.15	0.18	0.04	0.09	0.21	0.48	0.80	0.68	0.52
Netherlands	0.11	1.29	1.36	1.35	1.45	0.33	1.02	1.18	1.28	0.08	0.31	0.77	0.61
Belgium	-3.37	0.66	-0.11	0.21	-0.12	0.02	0.44	-0.09	0.58	0.55	0.28	0.73	2.29
Austria	0.60	1.10	0.52	0.58	0.24	0.33	1.08	2.12	1.08	1.04	0.94	0.65	0.52
Portugal	-0.03	0.55	-0.16	-0.50	-0.17	-0.18	-0.52	-0.48	-0.35	-0.15	-0.34	-0.46	-0.28
Ireland	-2.19	-1.92	-0.52	-0.81	-0.28	-0.59	-0.43	0.18	0.90	0.31	0.34	0.60	0.77
Greece	1.43	1.36	0.82	0.39	1.40	1.27	1.30	1.01	0.51	-0.19	-0.43	-0.12	1.35

Food, alcohol and tobacco	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Eurozone	2.30	2.65	2.93	2.96	3.18	3.04	3.24	3.19	3.01	2.49	2.39	2.51	2.61
Germany	1.95	2.94	3.34	3.12	3.38	2.70	2.82	3.14	2.93	2.08	2.06	1.81	2.93
France	0.70	0.75	0.96	1.51	1.60	1.65	1.87	1.85	1.98	1.60	1.64	1.92	1.93
Italy	2.17	2.48	2.69	3.10	3.09	3.30	3.83	3.82	3.51	2.45	1.83	2.34	2.22
Spain	2.24	2.33	2.55	2.16	2.68	3.03	2.95	2.61	2.69	2.70	3.10	3.23	3.24
Netherlands	6.95	7.40	7.05	7.17	7.01	4.58	4.07	3.70	3.70	3.84	3.12	3.10	1.99
Belgium	6.37	6.10	5.62	5.09	4.69	4.97	4.28	3.51	3.18	2.65	2.79	2.59	0.74
Austria	2.21	2.32	3.21	2.81	3.23	4.22	4.61	4.76	3.61	3.81	3.42	3.68	2.57
Portugal	1.64	1.82	1.77	1.39	2.42	2.85	3.49	3.55	3.67	3.31	3.28	3.23	3.04
Ireland	2.87	2.80	3.59	2.92	3.70	4.04	4.18	4.50	4.39	3.71	3.83	3.74	3.26
Greece	0.05	0.41	2.05	1.75	2.84	2.36	3.32	2.39	1.37	2.45	2.73	3.38	4.15

Energy	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Eurozone	1.88	0.18	-0.98	-3.56	-3.56	-2.58	-2.38	-1.98	-0.38	-0.93	-0.48	-1.94	-3.97
Germany	-1.32	-1.28	-2.61	-5.30	-4.50	-3.42	-3.35	-2.34	-0.72	-0.88	-0.10	-1.32	-1.90
France	2.64	-5.67	-6.30	-7.44	-7.65	-6.46	-6.96	-6.02	-4.32	-5.50	-4.42	-6.67	-7.44
Italy	-0.75	0.66	2.70	-0.79	-1.90	-2.11	-3.49	-4.78	-3.75	-4.55	-4.14	-4.51	-6.17
Spain	7.82	8.58	1.73	-2.47	-2.98	-0.76	2.97	3.18	6.25	6.30	4.58	3.20	-2.66
Netherlands	-1.40	-1.91	-3.28	-3.22	-1.09	0.51	0.97	1.62	3.98	2.07	0.81	-0.36	0.34
Belgium	22.77	12.14	8.55	4.32	2.94	2.23	2.10	3.37	2.11	1.26	1.02	-4.43	-8.89
Austria	5.23	6.04	5.01	3.69	4.14	6.02	6.99	8.57	10.11	12.03	13.36	11.69	-4.77
Portugal	2.71	1.60	0.07	-0.31	-0.10	-1.31	-1.05	-0.14	0.43	-1.24	-0.73	-2.43	-2.60
Ireland	-2.69	-2.56	-0.36	-1.67	-2.66	-1.84	-0.38	-0.08	1.03	2.72	3.26	2.37	0.30
Greece	2.59	1.60	0.24	-4.69	-1.52	1.96	0.69	-1.91	-3.66	-3.12	0.29	-1.24	-4.40

Sources: MNI, Eurostat. All Y/Y figures. Colour grading on sign of the sequential difference in the Y/Y rate.

January HICP Recap

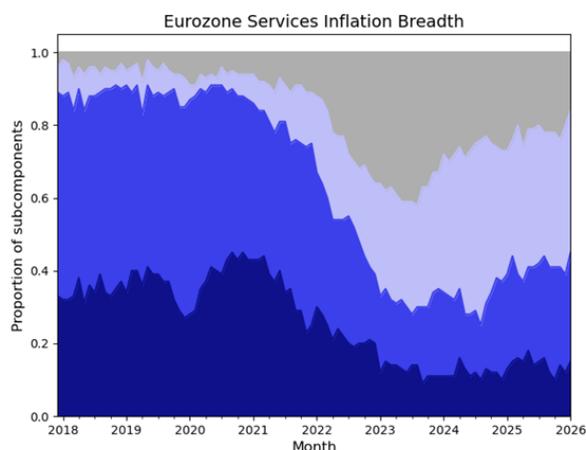
Services Inflation Revised Down 0.05p, Broad-based Softening

Eurozone services inflation was 3.16% Y/Y in January, below the 3.21% flash estimate and 3.42% prior for the lowest since August 2025.

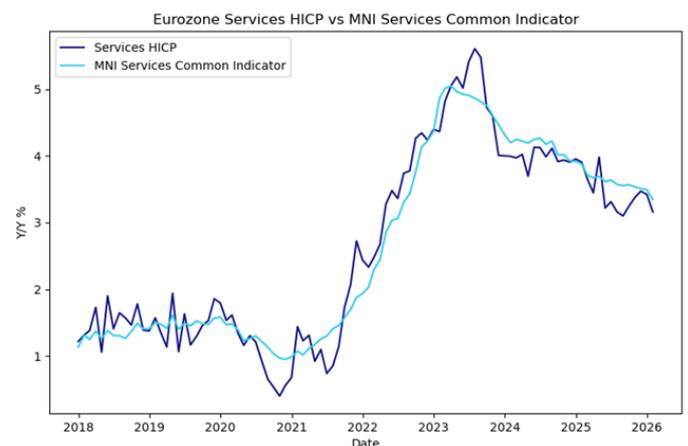
- As signalled in country-level data, there start-of-year price resets had a disinflationary impact at an aggregate level. This dynamic will also be watched closely in the February report.
- Insurance and financial services eased to 4.12% Y/Y (vs 4.27% prior), while services related to recreation and personal care (excluding the volatile package holidays and accommodation components) decelerated to 3.64% Y/Y (vs 3.72% prior).
- Miscellaneous, housing, communication and health services also eased relative to December.
- Looking at volatile items, airfares fell 18.41% M/M for a -2.41% Y/Y rate (vs 0.64% prior). However, package holidays' -10.75% M/M rate was less negative than last year and seasonal norms, meaning the Y/Y rate accelerated to 5.21% Y/Y (vs 3.36% prior). Accommodation services pulled back to 2.57% Y/Y (vs 3.38% prior).

Underlying measures of services inflation also improved in January:

- On a seasonally adjusted basis using ECB data, services inflation rose 0.16% M/M (vs 0.26% prior). This was the lowest sequential increase since May 2025. That pulled 3m/3m inflation momentum down to 3.12% Y/Y (vs 3.43% prior).
- Meanwhile, MNI's "Services-Common" metric, which is a PCA-based measure of underlying services momentum (replicating the BOC's "CPI-Common" methodology) eased to 3.35% Y/Y from 3.49% prior. This was the lowest reading since July 2022.
- Finally, services inflation breadth improved in January. The proportion of ECOICOP2 subcomponents with inflation rates above 5% Y/Y fell to 16%, down from 20% in December - the lowest since February 2022. Meanwhile, the proportion of components with rates below 1% rose to 15% (vs 12% prior), and the proportion with rates between 1-3% rose to 30% (vs 27% prior).



Source: Eurostat, Bloomberg Finance L.P., MNI
 Note: Calculated using annual inflation rates of 100 4-digit ECOICOP2 services components



Source: Eurostat, Bloomberg Finance L.P., ECB, MNI
 Note: Services Common Indicator replicates BOC CPI-common analysis on the Eurozone HICP services basket.
 For more see here: https://www.statcan.gc.ca/en/statistical-programs/document/2301_D64_T9_V2

Sell-Side Analyst Comments On Broader Eurozone Inflation Outlook

Goldman Sachs: “We look for Euro area core inflation to cool over the upcoming months, in line with our view that wage growth completes its normalisation over the coming quarters, and that the tariff impact on inflation is likely net negative, coupled with a drag from FX and increased China exports. Incorporating the February forecast, our medium-term path continues to show core inflation at a soft 2.1% in 2026, 1.8% by end-2026 and 1.9% by end-2027, slightly weaker than the ECB staff December projections. As for headline inflation, we continue to see it below target throughout 2026 and 2027; however, recent moves higher in energy limit the extent of this undershoot somewhat compared with our earlier forecasts”.

JP Morgan: “Looking ahead, we see Euro area core inflation slipping below 2%o, but only by a tenth and therefore not by enough to really jolt the ECB debate one way or another. As a result, we still see the ECB on hold this year and next. There are a number of issues to track, including wage drift, the stickier part of services inflation and the extent of any drag on core goods from FX and China. Factors such as these cut in both directions. In terms of the latest momentum on core prices (1.66%3m saar), it is too early, in our view, to regard that as a clear downside risk given the noise in this series and the upside surprises in effective pay (i.e., negotiated pay plus the wage drift). We suspect the ECB will also, at this stage, view this as signalling a shift in core inflation down to the target, rather than to below it.”

HSBC: Despite all the changes, our inflation forecast for this year remains 1.9%, and with a relatively limited undershooting of the ECB 2% target, in size and time. So far, inflation has surprised the ECB to the downside relative to December forecast but ECB President Christine Lagarde downplayed it in February, given the growth resilience. Also, the euro continues to trade in range and should not have a major bearing on the updated forecast in March. Therefore, we continue to see the ECB firmly on hold this year.

Morgan Stanley: “The ECB's December projections see headline inflation in 1Q26 at 1.9%Y and core inflation at 2.4%Y on average. If February prints in line with our expectations, this would signal downside risks for the short-term projection horizon (MSe 1Q26 headline at 1.8%Y and 2.2%Y for core) (also see our discussion here). Risks remain from developments in external factors (oil, gas and FX). The ECB's March projections should have a cutoff for assumptions (oil, FX, etc.) around 25 Feb.”

Natixis: “We expect headline inflation to average 1.9% yoy and core inflation 2.1% yoy over 2026. We thus maintain our view of unchanged ECB policy rates in 2026, with a dovish bias.”

Nomura: “We and the consensus expect euro area HICP inflation to on average print marginally below the ECB's 2.0% target in H1 2026, largely driven by energy base effects. However, in 2027 and 2028, we see risks as skewed to the upside largely due to a strong labour market generating upwards wage pressures and GDP growth rising above potential”

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